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NATIONAL INTELLIGENCE DAILY CABLE

Friday 14 October 1977

CG NIDC 77/239C

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Friday, 14 October 1977.

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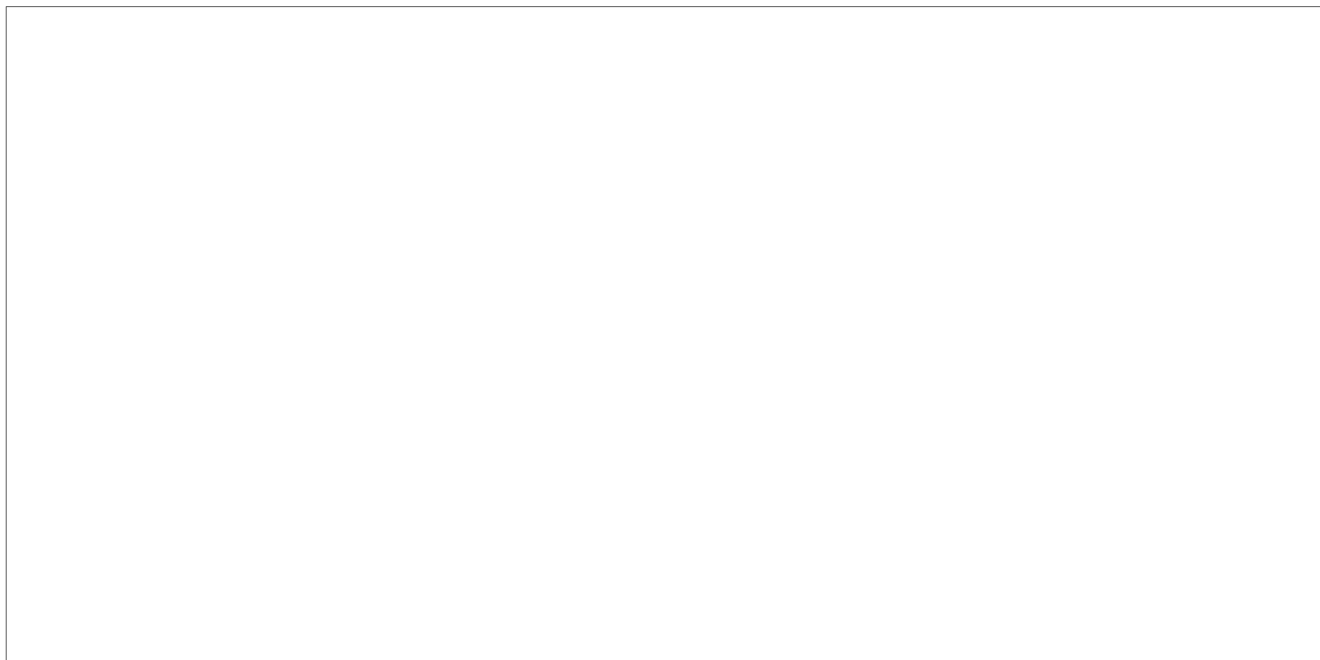
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### EC: Conflicting Strategies on Steel

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 *Proposals by West European steel producers for voluntary restraints on exports to the US are meeting resistance from the EC Commission. The producers, who are primarily concerned that antidumping actions brought by US producers, will become "institutionalized," want to avoid permanent restrictions on their exports. The Commission, on the other hand, wants to deal with the broader problems of excess steel capacity worldwide, and apparently fears that concessions by European producers would reduce the EC's leverage in international discussions.*

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 The association of EC steel producers, EUROFER, earlier this week proposed a two- to three-year voluntary restraint agreement covering EC exports to the US. EUROFER's president, Jacques Ferry, suggested that a "trigger approach" be employed to activate the agreement whenever a certain level of import penetration or unemployment was reached.

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[ ] EC Commissioner Davignon, meanwhile, has suggested that the biannual EC-US consultations scheduled for early November focus on steel issues. He also wants the US, the EC, and Japan to meet in Washington before the end of the year to discuss limiting industry capacity.

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[ ] Davignon contends that bilateral conversations focusing on tolerable export quantities would mark the beginning of a trade war and that trade measures alone would only camouflage the structural difficulties of the industry. He has indicated to US officials that the Commission would be willing to consider measures affecting both the price and quantity of steel exports, providing the measures were temporary and part of a multilateral agreement on long-term objectives--including limiting capacity.

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[ ] Davignon's proposals for handling international steel industry problems are an extension of his plan to restructure the EC steel industry. To this end, he and the Commission have attempted to enforce delivery guidelines and minimum prices for steel products within the Community and to devise plans for closing out obsolete and inefficient plants. Many Community producers believe the Commission cannot enforce its price regulations, particularly on small Italian firms, and that the rationalization program will take too long.

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[ ] Without support from member states for his plan, Davignon and the Commission will be hard-pressed to maintain EC unity in negotiations with the US and Japan. US officials in Paris believe the French Government already has warned the Commission that it must bring the Italians in line on prices and move against "unfair competition" from Spain and Eastern Europe or else France may act unilaterally.

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[ ] West German officials, who heretofore have opposed efforts to tamper with market forces in the steel industry, apparently are under increasing pressure from domestic manufacturers to provide relief. West German Minister of Economics Lambsdorff said this week that Bonn would not be averse to a trilateral Japanese-EC-US arrangement on steel.

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[REDACTED] Davignon got a cool reception from steel producers in the Brescia region of Italy earlier this week but still believes a solution can be worked out. The producers in Brescia continue to undercut prices of the large, integrated producers in other member countries. The Commission is tentatively considering ways to help the Brescia producers sell their steel outside the EC in return for a commitment by the producers to abide by EC price and delivery guidelines.

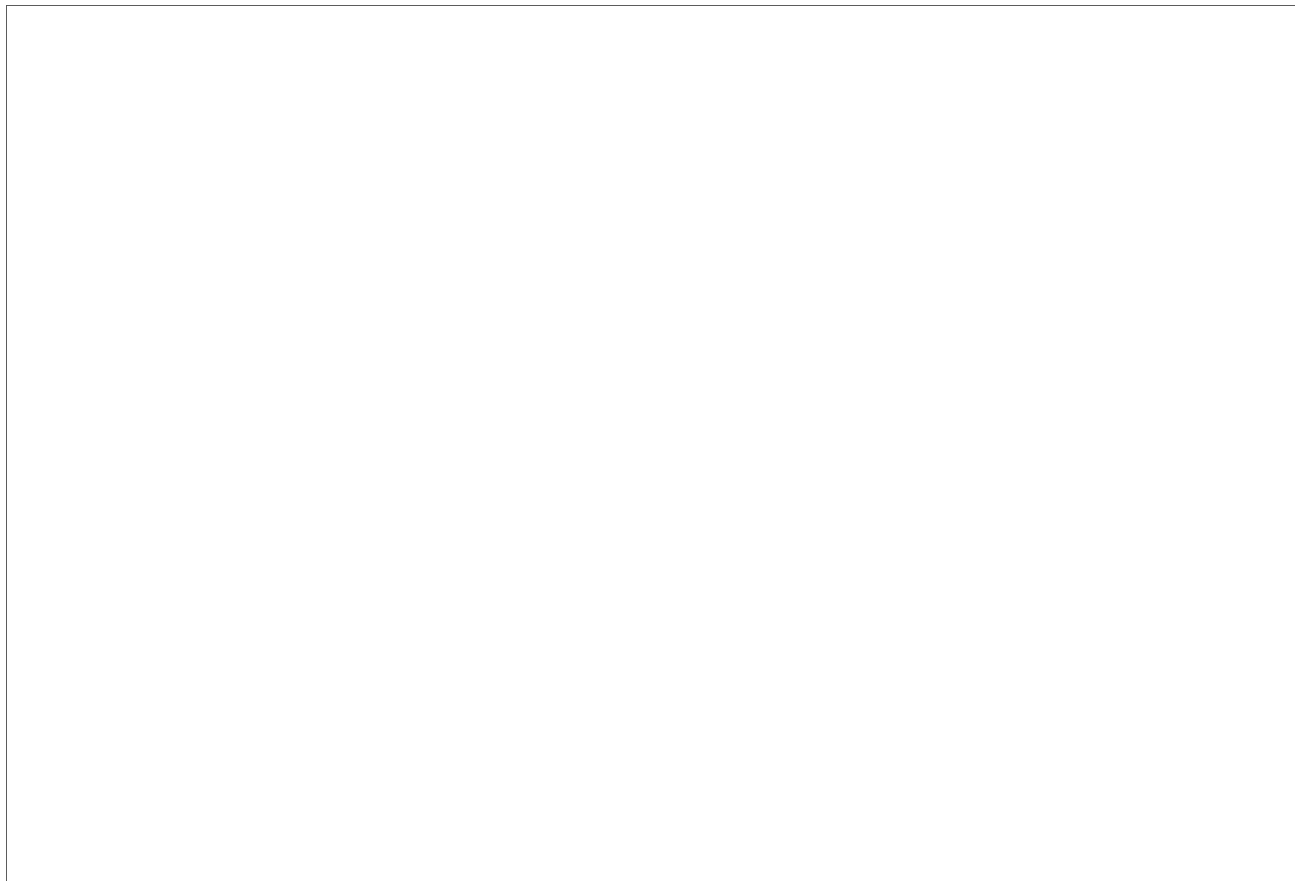
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[REDACTED] The Commission already has been forced to move against the East Europeans. A member of Davignon's staff has indicated that the Community is on the verge of an agreement to impose quantitative and price restrictions on steel imports from East Germany, Poland, and Czechoslovakia. The Community already has an agreement with Japan to limit Japanese steel exports this year.

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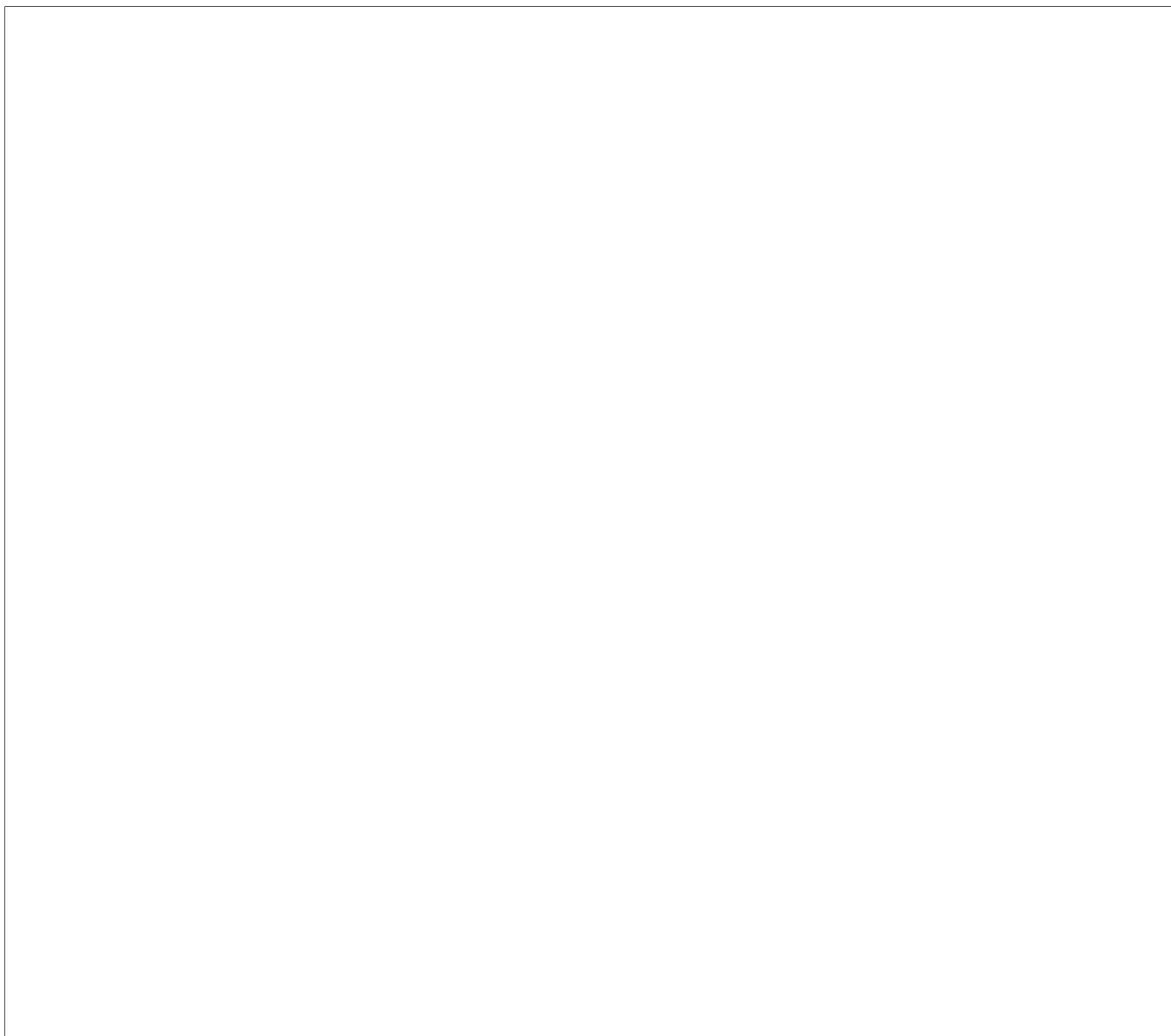


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#### NORTH YEMEN: Assassination Aftermath

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 *There is still no firm information as to who killed North Yemeni President Ibrahim al-Hamdi on Tuesday. Speculation is rife in North Yemen, however, that Hamdi's successor as chairman of the Command Council, Lieutenant Colonel Ahmad al-Ghashmi, was involved.*

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25X1 [redacted] Rumors that Ghashmi was behind the death of Hamdi are circulating among the general public as well. During Hamdi's funeral yesterday some members of the crowd accused the new President of murdering Hamdi.

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Yemenis in general tend to see political conspiracies in every act, and Ghashmi is a natural target for such allegations because he benefited from Hamdi's death. Ghashmi may have opposed some of Hamdi's policies, such as his efforts to improve relations with South Yemen, but in general he appeared to have been a loyal and close supporter of the late President.

25X1 [redacted] Even if Ghashmi had no part in Hamdi's death, he will have some difficulty in convincing many Yemenis.

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[redacted] If Ghashmi is indeed linked to the assassination and his involvement becomes known, serious strife could ensue between his military and civilian supporters on the one hand and those formerly loyal to Hamdi on the other.

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USSR: Jewish Protest Statement

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[ ] The US Embassy in Moscow has obtained a copy of a statement, signed by more than 100 Jews from various Soviet cities, announcing a three-day hunger strike beginning on 16 October to protest Soviet policies toward Jews in the USSR. Soviet authorities, meanwhile, have apparently decided to crack down on a dissident group concerned about the regime's abuse of psychiatry in the treatment of political prisoners.

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[ ] The statement announcing the Jewish hunger strike is addressed to the heads of all the states that are participating in the current Belgrade conference on European security and co-operation, but particularly to Soviet President Brezhnev. About 80 Jews plan to participate in the hunger strike; some 30 others have associated themselves with the statement but will not fast.

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[ ] The lengthy statement will be highly embarrassing to the Soviets and may set back Jewish efforts to emigrate. Moscow, with an eye on the Belgrade conference, has recently shown a willingness to quietly make limited concessions to Jews seeking to emigrate; during the first nine months of 1977, more than 12,000 exit visas were issued to Soviet Jews, compared to fewer than 10,000 during the same period last year. At the same time, the Soviets seem intent on making clear their determination to crack down hard on those who undertake highly publicized human rights activities, especially if these are likely to generate an official Western response.

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[ ] Several members of a small but vocal group of Jewish activists and would-be emigrants who tried to petition the Supreme Soviet for exit permits last week apparently remain under house arrest. Other Jews who planned to take advantage of Western attention to the Supreme Soviet session to publicize their case reportedly were prevented from traveling to Moscow.

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[REDACTED] The Soviets apparently have also decided to crack down on the recently intensified activities of a small dissident group concerned with the USSR's abuse of psychiatry. Feliks Serebrov, a member of the dissident Committee for the Investigation of the Use of Psychiatry for Political Ends, has been sentenced to one year in a labor camp for using a forged document. Aleksandr Podrabinek, a leading member of the Committee was interrogated recently by the police, and the homes of several other members of the Committee reportedly were searched.

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[REDACTED] No formal charges have yet been brought against Podrabinek, who has been detained in this way before--most recently in July. Dissident spokesman Andrey Sakharov believes the police were seeking evidence about Podrabinek's activities, possibly to prepare further action against him and the Committee, an offshoot of the larger group set up to monitor Soviet compliance with the Helsinki accords.

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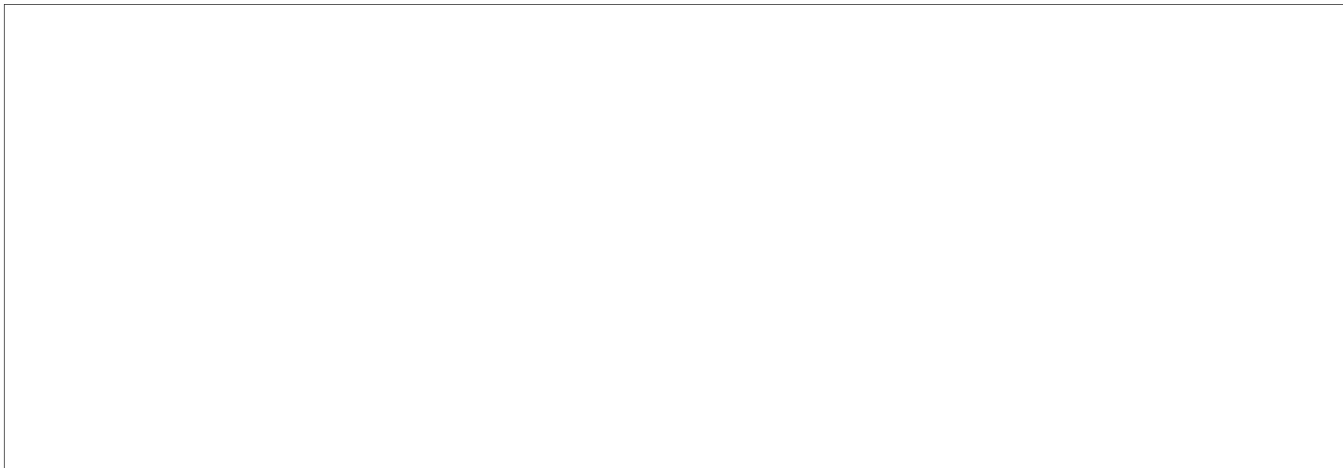
[REDACTED] The Soviets may also still be smarting over a resolution issued by the Congress of the World Psychiatric Association in Honolulu last month that censured the USSR for incarcerating dissidents in mental institutions. Podrabinek reportedly provided documentation of Soviet abuses to the association.

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[REDACTED] The USSR's sensitivity regarding its human rights record and various other aspects of its domestic policies will probably intensify over the next few weeks as the 60th anniversary of the Bolshevik revolution approaches. [REDACTED]

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**SOUTH AFRICA - ISRAEL: Missile Boats**

[redacted] //South Africa took delivery last month of the first of three Israeli-built Reshef missile patrol boats it ordered two years ago.

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[redacted] The other two boats reportedly are due to arrive in South Africa over the next three months. South Africa is building three more Reshefs under license.//

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[redacted] The South Africans were scheduled to receive their first boat in May but refused delivery when some equipment problems were discovered during sea trial; apparently they finally accepted the boat in July.

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[redacted] The Reshef, which the South Africans intend to use for coastal defense, can be equipped to carry Gabriel ship-to-ship missiles and naval guns. We believe the original contract almost certainly called for the provision of Gabriels, but we do not know whether the boat recently delivered to South Africa was equipped with them.

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[redacted] Israel apparently will provide South Africa with Italian-made naval guns for the Reshefs being built in Durban.

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[redacted] left the impression that the Italians had delivered the guns to Israel and left the matter of their transfer to South Africa in Israeli hands.

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[redacted] South Africa expects to receive the three Israeli-built Reshefs before completion of the three under construction locally. The US defense attache in Pretoria reported in late August that one hull was near completion.

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[redacted] //The contract for the Reshefs, which apparently took several months to negotiate, is worth more than \$60 million. It is Israel's largest arms sale to South Africa.//

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BRIEFS

US-USSR

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[ ] The Soviets have reversed their recent decision not to grant a visa to a US scientist and have agreed to accept him for an eight-month research program.

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[ ] Moscow, in an unusual move, had denied a visa in August to Dr. Melvyn Nathanson, a mathematics professor from Southern Illinois University, even though his research program had been approved by the Soviet Academy of Sciences. The Soviets subsequently may have become concerned that the scientific exchange program--which they find extremely useful--might be adversely affected by the visa denial. They may also have been troubled by *New York Times* coverage of the episode, which suggested that the matter might be aired at the Belgrade conference on European security and cooperation.

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[ ] In any case, the Soviets now say the original refusal was based on "very solid grounds," but that granting the visa now will serve the interest of "benevolent relations" between the scientific communities of both countries.

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PHILIPPINES

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[REDACTED] President Marcos has ordered the Philippine military to hunt down as outlaws the Muslim rebels who killed a brigadier general and 33 of his men four days ago. The government maintains that the 10-month-old ceasefire with the rebels is still in effect and is apparently confining its intensified activities to the southern Philippine island of Jolo, the scene of

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the ambush. Marcos may find it difficult, however, to contain the military's outrage. The inclination of the military toward harsh counteraction will be increased by another ambush on Jolo Wednesday in which a lieutenant colonel was killed. [REDACTED]

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